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Between P. J. Conley and Carroll Hinman, NSRB

Subject: Intelligence for Economic Warfare

I had a long discussion with Mr. Hinman regarding CIA's work on the NSC directive that it prepare an appraisal of foreign economic intelligence requirements, facilities, and arrangements relating to the national security. Hinman reported largely on the basis of his talk last week with [redacted] of CIA. [redacted] and Colonel Glabaugh have been relieved of responsibility for the paper and [redacted] has now been put in charge of preparing it. He is due to make a progress report very soon, but Hinman says he cannot see how the paper will be able to point to any accomplishment. [redacted] he says, seems much embarrassed and Hinman is clearly concerned about the months that have passed without progress.

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1. The Program

The study is to be on two aspects -- Facilities and Requirements.

a. Facilities for Intelligence for Economic Warfare.

Some progress has been made on this aspect, largely through the activity of the Bureau of the Budget. The CIA has combined its interests with those of the Bureau in two respects:

(1) The Bureau is soon due to present a report on the overseas reporting facilities. This study will cover the facilities and interests of the IAC and the non-IAC agencies. It will make an effort apparently to confront facilities with requirements in general terms but will go no farther on requirements than to list certain ones which it recommends be dropped because their priority is too low.

(2) The Bureau of the Budget is also beginning a second study which is closely related to economic intelligence. It will be a list of commodity and functional specialists in the government, both IAC and non-IAC agencies.

You will note that among the gaps in this program are inventories on area specialists, collections of intelligence materials, research studies in process, and the adequacy of existing relationships among agencies.

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- 2 -

b. Requirements for Intelligence for Economic Warfare

25X1A9a Little, if any, progress has been made in determining the requirements. [REDACTED] has prepared a brief statement which seems to have been the one he mentioned to me some months ago but could not bring himself to show me. Himman says that it will not be of any use at all. 25X1A9a He would have preferred to have had [REDACTED] call an interdepartmental group to prepare the statement of requirements but he would not have objected to the present method, provided some action came forth.

2. Explanation of Slow Progress

Himman and I speculated on the explanations behind this apparent inability to come forth with a paper. Among the items discussed were:

a. Lack of drive and ability in the persons put in charge of the job;

b. Internal difficulties within CIA making it hard to get a clear go ahead signal for the group preparing the paper;

c. Lack of courage required to step out and supply the bold leadership needed;

d. Difficulties in relations with the Defense Department. Himman had the impression that the CIA, contrary to desires of the military intelligence agencies, would like to bring in the Munitions Board and other units within the Department of Defense into the project;

e. Inability to come out with a report which they believe will protect CIA's interests and at the same time be reasonably sure of inter-departmental acceptances.

I present these speculations without any ability to evaluate them.

3. Organization of the Economic Warfare Operations

The NSRB still does not seem to have clearly made up its mind whether there will be need for a new organization for economic warfare. There seems to be a tendency to feel that there is no need for one, largely for the reason that (contrary to the domestic aspects of economic mobilization) international aspects or functions are already being carried on in some way or another -- for example, export controls and economic assistance. Nevertheless, some coordination, of course, will be necessary. Regardless of whether a new agency is set up, Himman expects State to play a major role in the coordination machinery or in making sure that the non-technical (political, sociological) factors involved in policy and operational decisions are given due weight. Perhaps we should consider just what role E area would play in intelligence for economic warfare, under this sort of a set-up.

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- 3 -

4. Possible Steps to Get Economic Intelligence Planning Rolling

Mr. Hinman has been probing in his own mind various alternatives aimed at getting the study the NSC requested of the CIA out of the morass that he feels it is now in. These alternatives are:

(a) Leave the assignment with the CIA but find for it either for recruitment or for loan a few sparkplugs that can get the study out and cleared interdepartmentally;

(b) Remove the study from the CIA and give it to another agency such as EGA, Commerce, or State. Of these, he seemed inclined toward State and asked me if I thought that we would be able to get the job done. I hesitated to give a definite answer because I felt we would have to give some thought as to whether or not we would have the talents that would be required that we could spare for the assignment. Hinman and I discussed the difficulties involved in having one agency take the lead in matters of such general interest. But we were both aware that one of the Department's functions is to supply staff work for interdepartmental problems in the field of foreign affairs. In this case, of course, the problem is complicated by the fact that the CIA, by its charter, would seem to have this function in intelligence matters.

(c) Assign the study to the Bureau of the Budget. The Bureau has economists and organization analysts who combined with some intelligence experts should be able to get out the study. The Bureau has, of course, recently been aware of the general problem because of its participation in the two surveys of facilities. A variation of this possibility which seems to be the most desirable in Mr. Hinman's mind, and one which has a great deal of merit, is for the NSRB to approach the CIA and delicately suggest that this project could be more suitably handled by a team under the joint leadership of the Bureau of the Budget and the CIA, that agencies concerned should be asked to contribute members to a team. These members would lose their departmental identity for the duration of their work on the study.

In all these alternatives, Hinman is aware that careful handling and nice timing would be essential.

5. State's Interest

Mr. Hinman wanted to know how much real drive the Department would be willing to put into getting this study out. Would Mr. Webb, for example, be willing to push it at higher levels, let us say, the NSC? I confessed inability to speak for the Department on this subject but pointed out that our interest in the matter is indicated by the drive with which we put out the original study which still remains the only concrete step in the whole work of planning intelligence for economic warfare.

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